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8 IN THE UNITED STATES DISTRICT COURT  
9 FOR THE CENTRAL DISTRICT OF CALIFORNIA  
10 SOUTHERN DIVISION  
11

12 UNITED STATES OF AMERICA,  
13

14 Plaintiff,

15 vs.

16 NAGESH SHETTY, as an individual  
and as trustee of the Shetty Family  
17 Trust; ANITA SHETTY, as an  
individual and as trustee of the Shetty  
18 Family Trust; RICHARD D'SOUZA,  
a.k.a. RICHARD DE SOUZA; MARIE  
19 SHETTY as successor to the estate of  
SUBBAYYA SHETTY; MAHABALA  
20 SHETTY; OCWEN FINANCIAL  
CORPORATION; DAVID M.  
21 DUDLEY; MESA VERDE DRIVE  
PLAZA, a California General  
22 Partnership; STATE OF CALIFORNIA,  
through its agency THE FRANCHISE  
23 TAX BOARD; ORANGE COUNTY  
TREASURER-TAX COLLECTOR;  
24 UNITED MERCHANTS  
ASSOCIATION, a California  
25 Corporation; MIDFIRST BANK; NCO  
PORTFOLIO MANAGEMENT;  
26 CITIMORTGAGE, INC.; and  
CAPITAL ONE,  
27

28 Defendants.

Case No. SACV12-930 DOC (MLGx)

FRANCHISE TAX BOARD OF THE  
STATE OF CALIFORNIA'S  
ANSWER TO COMPLAINT (1) TO  
REDUCE JOINT FEDERAL TAX  
ASSESSMENTS TO JUDGMENT; (2)  
FOR A DETERMINATION THAT  
REAL PROPERTY IS TITLED TO  
RICHARD D'SOUZA AS NOMINEE  
OR IN RESULTING TRUST FOR  
THE BENEFIT OF NAGESH  
SHETTY AND ANITA SHETTY; (3)  
TO SET ASIDE FRAUDULENT  
TRANSFER OF REAL PROPERTY  
FROM NAGESH SHETTY AND  
ANITA SHETTY TO RICHARD  
D'SOUZA; and (4) TO FORECLOSE  
FEDERAL TAX LIENS ON REAL  
PROPERTIES

Action Filed: June 11, 2012

1 COMES NOW defendant, Franchise Tax Board of the State of California  
2 (“FTB”), and submits the following answer to the Complaint on file herein:  
3

4 1. The FTB lacks knowledge or information sufficient to form a belief about  
5 the truth of the allegations contained in paragraphs 1 through 45 of the Complaint  
6 and on that basis denies the allegations in said paragraphs.  
7

8 2. The FTB admits the allegation contained in paragraph 46 of the  
9 Complaint as to FTB’s interest in the real property described. Except as expressly  
10 admitted the FTB lacks knowledge or information sufficient to form a belief about  
11 the truth of the remaining allegations and on that basis denies the remaining  
12 allegations contained therein.  
13

14 3. The FTB admits the allegation in paragraph 47 of the Complaint that  
15 Exhibit 36 of the Complaint is a true and correct letter sent to the IRS from FTB.  
16 Except as otherwise admitted, the FTB lacks knowledge or information sufficient to  
17 form a belief about the remaining allegations in paragraph 47 and on that basis  
18 denies the allegations contained therein.  
19

20 4. The FTB lacks knowledge or information sufficient to form a belief about  
21 the truth of the allegations contained in paragraph 48 of the Complaint and on that  
22 basis denies the allegations contained therein.  
23

24 5. With respect to paragraph 49 of the Complaint, the FTB incorporates by  
25 reference its responses contained in paragraphs 1 through 48 as if fully set forth  
26 herein.  
27  
28

1           6. The FTB lacks knowledge or information sufficient to form a belief about  
2 the truth of the allegations contained in paragraphs 50 through 106 of the  
3 Complaint and on that basis denies the allegations in said paragraphs.  
4

5           7. With respect to paragraph 107 of the Complaint, the FTB incorporates by  
6 reference its responses contained in paragraphs 1 through 106 as if fully set forth  
7 herein.  
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9           8. The FTB lacks knowledge or information sufficient to form a belief about  
10 the truth of the allegations contained in paragraph 108 of the Complaint and on that  
11 basis denies the allegations contained therein.  
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13           9. With respect to paragraph 109 of the Complaint, the FTB incorporates by  
14 reference its responses contained in paragraphs 1 through 108 as if fully set forth  
15 herein.  
16

17           10. The FTB lacks knowledge or information sufficient to form a belief  
18 about the truth of the allegations contained in paragraphs 110 through 113 of the  
19 Complaint and on that basis denies the allegations in said paragraphs.  
20

21           11. With respect to paragraph 114 of the Complaint, the FTB incorporates  
22 by reference its responses contained in paragraphs 1 through 113 as if fully set forth  
23 herein.  
24

25           12. The FTB lacks knowledge or information sufficient to form a belief  
26 about the truth of the allegations contained in paragraphs 115 and 116 of the  
27 Complaint and on that basis denies the allegations in said paragraphs.  
28

1           13. With respect to paragraph 117 of the Complaint, the FTB incorporates  
2 by reference its responses contained in paragraphs 1 through 116 as if fully set forth  
3 herein.  
4

5           14. The FTB lacks knowledge or information sufficient to form a belief  
6 about the truth of the allegations contained in paragraphs 118 through 124 of the  
7 Complaint and on that basis denies the allegations in said paragraphs.  
8

9           STATEMENT OF CLAIM AND FIRST AFFIRMATIVE DEFENSE  
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11           15. Nagesh Shetty and Anita Shetty are indebted to the FTB under the  
12 provisions of the California Revenue and Taxation Code for the tax years 1994 and  
13 1995 and tax years 1987, 1988, and 1989 in the total amount of \$331,831.78, with  
14 additional interest accruing pursuant to the California Revenue and Taxation Code  
15 from September 4, 2012. Attached hereto as Exhibit A is a copy of FTB's  
16 Certificate of Tax Due and Delinquency evidencing the above amount, which is  
17 incorporated herein by reference.  
18

19           16. A Notice of State Tax Lien, Certificate No. 01046-254421 was recorded  
20 by the FTB against Nagesh Shetty and Anita Shetty in the official records of the  
21 Orange County on February 21, 2001, and a lien extension, Certificate No. 110343-  
22 33030 was recorded on February 10, 2011 for the tax years 1994 and 1995.  
23

24           17. A Notice of State Tax Lien, Certificate Number 03030-385240 was  
25 recorded by the FTB in the official records of Orange County for the tax years  
26 1987, 1988 and 1989 on February 28, 2003.  
27  
28

1 WHEREFORE, the Franchise Tax Board of the State of California prays:

- 2 1. That the FTB receive payment of its claims against Nagesh Shetty and  
3 Anita Shetty from the sale of the property at issue up to the full amount of the liens,  
4 plus interest as provided in the California Revenue and Taxation Code; and  
5  
6 2. For such other and further relief as the Court deems just and proper.  
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8 Dated: September 14, 2012

Respectfully submitted,

9 KAMALA D. HARRIS  
10 Attorney General of California  
11 W. DEAN FREEMAN  
12 Supervising Deputy Attorney General

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14 MARLA K. MARKMAN  
15 Deputy Attorney General  
16 *Attorneys for Franchise Tax Board*  
17 *of the State of California*  
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